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November 1, 2023

Mr. Peter Zaffino
Chairman & Chief Executive Officer
American International Group, Incorporated.
1271 Avenue of the Americas
New York, NY 10020

Dear Mr. Zaffino:

On June 9, 2023, we sent you a letter inquiring as to how American International Group, Incorporated evaluates climate-related risks, decides to invest in or underwrite fossil fuel expansion projects that drive such risks, and prices policies insuring such projects. That investigation remains ongoing. Today, we write to obtain information and documents concerning American International Group, Incorporated's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]
- The insurance industry exodus from Florida has accelerated;[3]
- Premiums in Florida are projected to increase by 40 percent or more this year;[4]
- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]
- Insurers continued to exit or reduce exposure to the Louisiana market;[6]
- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and
- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks

[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

[6] Zack Budryk, "Insurers pull back as US climate catastrophes intensify," *The Hill* (June 27, 2023), https://thehill.com/policy/energy-environment/4068383-insurers-pull-back-as-us-climate-catastrophes-intensify/.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both American International Group, Incorporated and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please

provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

* * *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642



November 1, 2023

Mr. Brian Keefer
President
Allied Trust Insurance Company
P.O. Box 2978
Big Fork, Mt. 59911

Dear Mr. Keefer:

We write to obtain information and documents concerning Allied Trust Insurance Company's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

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- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Allied Trust Insurance Company and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*        *        *

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Sincerely,

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Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

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MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Thomas J. Wilson
Chief Executive Officer
The Allstate Corporation
3100 Sanders Road
Northbrook, IL 60062

Dear Mr. Wilson:

We write to obtain information and documents concerning The Allstate Corporation's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

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At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both The Allstate Corporation and any subsidiaries it may have, including Imperial Fire and Casualty Insurance Company through National General Insurance Company, Allstate Texas Lloyds, and Castle Key Indemnity Company:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

November 1, 2023

Mr. Robert Ritchie
President & Chief Executive Officer
American Integrity Insurance Company of Florida, Incorporated.

Dear Mr. Ritchie:

We write to obtain information and documents concerning American Integrity Insurance Company of Florida, Incorporated's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

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- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

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- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both American Integrity Insurance Company of Florida, Incorporated and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*  *  *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
RON WYDEN, OREGON
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BEN RAY LUJÁN, NEW MEXICO
ALEX PADILLA, CALIFORNIA

United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

CHARLES E. GRASSLEY, IOWA
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LINDSEY O. GRAHAM, SOUTH CAROLINA
RON JOHNSON, WISCONSIN
MITT ROMNEY, UTAH
ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Bill Westrate
Chief Executive Officer
American Family Insurance
6000 American Parkway
Madison, WI 53783

Dear Mr. Westrate:

We write to obtain information and documents concerning American Family Insurance's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both American Family Insurance and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

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6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642



November 1, 2023

Mr. Barry Zyskind
Chief Executive Officer
AmTrust Financial Services, Incorporated.
59 Maiden Lane, 43rd Floor
New York, NY 10038

Dear Mr. Zyskind:

We write to obtain information and documents concerning AmTrust Financial Services, Incorporated's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

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- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both AmTrust Financial Services, Incorporated and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

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Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

| | |
|---|---|
| Sheldon Whitehouse<br>Chairman<br>Senate Committee on the Budget | Ron Wyden<br>United States Senator |

United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642



November 1, 2023

Mr. John Boyle
Chief Executive Officer
Auto Club Enterprises Insurance Group

Dear Mr. Boyle:

We write to obtain information and documents concerning Auto Club Enterprises Insurance Group's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

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At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Auto Club Enterprises Insurance Group and any subsidiaries it may have, including Auto Club Insurance Company of Florida:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*                    *                    *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
RON WYDEN, OREGON
DEBBIE STABENOW, MICHIGAN
BERNARD SANDERS, VERMONT
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CHRIS VAN HOLLEN, MARYLAND
BEN RAY LUJÁN, NEW MEXICO
ALEX PADILLA, CALIFORNIA

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

CHARLES E. GRASSLEY, IOWA
RANKING REPUBLICAN
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RON JOHNSON, WISCONSIN
MITT ROMNEY, UTAH
ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Thomas Buberl
Chief Executive Officer
AXA
25 Avenue Matignon
Paris, France 75008

Dear Mr. Buberl:

We write to obtain information and documents concerning AXA's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

---

[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g*., Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both AXA and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*   *   *

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Sincerely,

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Senate Committee on the Budget

Ron Wyden
United States Senator

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ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Warren Buffett
Chairman & Chief Executive Officer
Berkshire Hathaway Incorporated.
3555 Farnam Street
Omaha, NE 68131

Dear Mr. Buffett:

On June 9, 2023, we sent you a letter inquiring as to how Berkshire Hathaway Incorporated evaluates climate-related risks, decides to invest in or underwrite fossil fuel expansion projects that drive such risks, and prices policies insuring such projects. That investigation remains ongoing. Today, we write to obtain information and documents concerning Berkshire Hathaway Incorporated's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]
- The insurance industry exodus from Florida has accelerated;[3]
- Premiums in Florida are projected to increase by 40 percent or more this year;[4]
- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]
- Insurers continued to exit or reduce exposure to the Louisiana market;[6]
- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and
- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks

[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

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and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Berkshire Hathaway Incorporated and any subsidiaries it may have, including Centauri National Insurance Company through Applied Underwriters:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

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provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

| | |
|---|---|
| Sheldon Whitehouse<br>Chairman<br>Senate Committee on the Budget | Ron Wyden<br>United States Senator |

SHELDON WHITEHOUSE, RHODE ISLAND
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MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Evan G. Greenberg
Chairman and Chief Executive Officer
Chubb Group
1133 Avenue of the Americas
New York, NY 10036

Mr. John J. Lupica
Vice Chairman
President, North America Insurance
Chubb Group
1133 Avenue of the Americas
New York, NY 10036

Dear Mr. Greenberg and Mr. Lupica:

On June 9, 2023, we sent you a letter inquiring as to how Chubb Group evaluates climate-related risks, decides to invest in or underwrite fossil fuel expansion projects that drive such risks, and prices policies insuring such projects. That investigation remains ongoing. Today, we write to obtain information and documents concerning Chubb Group's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Chubb Group and any subsidiaries it may have, including Chubb Lloyds Insurance Company of Texas and Federal Insurance Company:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please

provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

* * *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

# United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642



November 1, 2023

Mr. Dino E. Robusto
Chairman & Chief Executive Officer
CNA Financial Corporation
CNA Center
151 North Franklin Street
Chicago, IL 60606

Dear Mr. Rubosto:

We write to obtain information and documents concerning CNA Financial Corporation's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]
- The insurance industry exodus from Florida has accelerated;[3]
- Premiums in Florida are projected to increase by 40 percent or more this year;[4]
- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]
- Insurers continued to exit or reduce exposure to the Louisiana market;[6]
- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and
- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g*., Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

[6] Zack Budryk, "Insurers pull back as US climate catastrophes intensify," *The Hill* (June 27, 2023), https://thehill.com/policy/energy-environment/4068383-insurers-pull-back-as-us-climate-catastrophes-intensify/.

[7] Tyler Jett, "Natural disasters threaten small insurers, leaving Iowans with high premiums and fewer choices," *The Des Moines Register* (July 21, 2023), https://www.desmoinesregister.com/restricted/?return=https%3A%2F%2Fwww.desmoinesregister.com%2Fstory%2Fnews%2F2023%2F07%2F31%2Fiowa-rural-insurers-threatened-recent-derechos-natural-disasters-big-firms-leave-farmers-mutual%2F70477775007%2F.

[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both CNA Financial Corporation and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please

provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

* * *

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Sincerely,

| | |
|---|---|
| Sheldon Whitehouse | Ron Wyden |
| Chairman | United States Senator |
| Senate Committee on the Budget | |

# United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642



November 1, 2023

Mr. Michael Zukerman
Chief Executive Officer
CSAA Insurance Group
3055 Oak Road
Walnut Creek, CA 94597

Dear Mr. Zukerman:

We write to obtain information and documents concerning CSAA Insurance Group's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

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[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

[6] Zack Budryk, "Insurers pull back as US climate catastrophes intensify," *The Hill* (June 27, 2023), https://thehill.com/policy/energy-environment/4068383-insurers-pull-back-as-us-climate-catastrophes-intensify/.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both CSAA Insurance Group and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

* * *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
RON WYDEN, OREGON
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BERNARD SANDERS, VERMONT
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CHRIS VAN HOLLEN, MARYLAND
BEN RAY LUJÁN, NEW MEXICO
ALEX PADILLA, CALIFORNIA

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

CHARLES E. GRASSLEY, IOWA
RANKING REPUBLICAN
MIKE CRAPO, IDAHO
LINDSEY O. GRAHAM, SOUTH CAROLINA
RON JOHNSON, WISCONSIN
MITT ROMNEY, UTAH
ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. V. Prem Watsa
Chairman & Chief Executive Officer
Fairfax Financial Holdings Limited
95 Wellington Street West
Suite 800
Toronto, Ontario M5J 2N7

Dear Mr. Watsa:

We write to obtain information and documents concerning Fairfax Financial Holdings Limited's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

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At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]
- The insurance industry exodus from Florida has accelerated;[3]
- Premiums in Florida are projected to increase by 40 percent or more this year;[4]
- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]
- Insurers continued to exit or reduce exposure to the Louisiana market;[6]
- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and
- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

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and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Fairfax Financial Holdings Limited and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

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4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

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6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please

provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

* * *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
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# United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

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JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Raul Vargas
Chief Executive Officer
Farmers Insurance Group
4680 Wilshire Boulevard
Los Angeles, CA 90051

Dear Mr. Vargas:

We write to obtain information and documents concerning Farmers Insurance Group's plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

[6] Zack Budryk, "Insurers pull back as US climate catastrophes intensify," *The Hill* (June 27, 2023), https://thehill.com/policy/energy-environment/4068383-insurers-pull-back-as-us-climate-catastrophes-intensify/.

[7] Tyler Jett, "Natural disasters threaten small insurers, leaving Iowans with high premiums and fewer choices," *The Des Moines Register* (July 21, 2023), https://www.desmoinesregister.com/restricted/?return=https%3A%2F%2Fwww.desmoinesregister.com%2Fstory%2Fnews%2F2023%2F07%2F31%2Fiowa-rural-insurers-threatened-recent-derechos-natural-disasters-big-firms-leave-farmers-mutual%2F70477775007%2F.

[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Farmers Insurance Group and any subsidiaries it may have, including Foremost Insurance Company:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

Ron Wyden

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642



November 1, 2023

Mr. Paul M. Adkins
Chairman & Chief Executive Officer
Florida Peninsula Insurance Company

Dear Mr. Adkins:

We write to obtain information and documents concerning Florida Peninsula Insurance Company's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

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[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

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[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Florida Peninsula Insurance Company and any subsidiaries it may have, including Edison Insurance Company:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

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Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

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MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Lanier Porter
Chief Executive Officer
First Protective Insurance Company

Dear Mr. Porter:

We write to obtain information and documents concerning First Protective Insurance Company's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

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- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

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To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both First Protective Insurance Company and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

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RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Marc Carter
President & Chief Executive Officer
Gulf States Insurance Company
1201 Camellia Blvd
Suite 201 Lafayette, LA 70508

Dear Mr. Carter:

We write to obtain information and documents concerning Gulf States Insurance Company's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

---

[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Gulf States Insurance Company and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*          *          *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
RON WYDEN, OREGON
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BEN RAY LUJÁN, NEW MEXICO
ALEX PADILLA, CALIFORNIA

# United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

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MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Christopher J. Swift
Chairman & Chief Executive Officer
The Hartford Financial Services Group, Incorporated.
One Hartford Plaza
Hartford, CT 06155

Dear Mr. Swift:

We write to obtain information and documents concerning The Hartford Financial Services Group, Incorporated's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
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- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

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- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

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- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

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- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both The Hartford Financial Services Group, Incorporated and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
RON WYDEN, OREGON
DEBBIE STABENOW, MICHIGAN
BERNARD SANDERS, VERMONT
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ALEX PADILLA, CALIFORNIA

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

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RANKING REPUBLICAN
MIKE CRAPO, IDAHO
LINDSEY O. GRAHAM, SOUTH CAROLINA
RON JOHNSON, WISCONSIN
MITT ROMNEY, UTAH
ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Ernie Garateix
Chief Executive Officer
Heritage Insurance Holdings, Incorporated.

Dear Mr. Garateix:

We write to obtain information and documents concerning Heritage Insurance Holdings, Incorporated's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
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- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

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- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Heritage Insurance Holdings, Incorporated and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

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Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642



November 1, 2023

Mr. Adam Kornick
President
Homeowners of America Insurance Company

Dear Mr. Kornick:

We write to obtain information and documents concerning Homeowners of America Insurance Company's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

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- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

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- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

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[7] Tyler Jett, "Natural disasters threaten small insurers, leaving Iowans with high premiums and fewer choices," *The Des Moines Register* (July 21, 2023), https://www.desmoinesregister.com/restricted/?return=https%3A%2F%2Fwww.desmoinesregister.com%2Fstory%2Fnews%2F2023%2F07%2F31%2Fiowa-rural-insurers-threatened-recent-derechos-natural-disasters-big-firms-leave-farmers-mutual%2F70477775007%2F.

[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Homeowners of America Insurance Company and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*           *           *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
RON WYDEN, OREGON
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United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

CHARLES E. GRASSLEY, IOWA
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ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Paresh Patel
Chairman & Chief Executive Officer
Homeowners Choice Property & Casualty Insurance Company, Incorporated.

Dear Mr. Patel:

We write to obtain information and documents concerning Homeowners Choice Property & Casualty Insurance Company, Incorporated's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

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[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Homeowners Choice Property & Casualty Insurance Company, Incorporated and any subsidiaries it may have, including TypTap Insurance Company:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*  *  *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

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CHRIS VAN HOLLEN, MARYLAND
BEN RAY LUJÁN, NEW MEXICO
ALEX PADILLA, CALIFORNIA

# United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

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RANKING REPUBLICAN
MIKE CRAPO, IDAHO
LINDSEY O. GRAHAM, SOUTH CAROLINA
RON JOHNSON, WISCONSIN
MITT ROMNEY, UTAH
ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Joseph P. Lacher Jr
President & Chief Executive Officer
Kemper Corporation
200 East Randolph Street
Suite 3300
Chicago, IL 60601

Dear Mr. Lacher:

We write to obtain information and documents concerning Kemper Corporation's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks

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and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Kemper Corporation and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the

percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

| | |
|---|---|
| Sheldon Whitehouse<br>Chairman<br>Senate Committee on the Budget | Ron Wyden<br>United States Senator |

SHELDON WHITEHOUSE, RHODE ISLAND
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ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Jim Harper
President
Louisiana Farm Bureau Mutual Insurance Company

Dear Mr. Harper:

We write to obtain information and documents concerning Louisiana Farm Bureau Mutual Insurance Company's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

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- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

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- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Louisiana Farm Bureau Mutual Insurance Company and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*          *          *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
RON WYDEN, OREGON
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BEN RAY LUJÁN, NEW MEXICO
ALEX PADILLA, CALIFORNIA

# United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

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MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Timothy M. Sweeney
President & Chief Executive Officer
Liberty Mutual Insurance
175 Berkeley Street
Boston, Massachusetts 02116

Dear Mr. Sweeney:

On June 9, 2023, we sent you a letter inquiring as to how Liberty Mutual Insurance evaluates climate-related risks, decides to invest in or underwrite fossil fuel expansion projects that drive such risks, and prices policies insuring such projects. That investigation remains ongoing. Today, we write to obtain information and documents concerning Liberty Mutual Insurance's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]
- The insurance industry exodus from Florida has accelerated;[3]
- Premiums in Florida are projected to increase by 40 percent or more this year;[4]
- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]
- Insurers continued to exit or reduce exposure to the Louisiana market;[6]
- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and
- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks

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and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Liberty Mutual Insurance and any subsidiaries it may have, including SafeCo Insurance, American Economy Insurance Corporation, and Meridian Security Insurance Company through State Automobile Mutual Insurance Company:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10

percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

Sheldon Whitehouse
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Ron Wyden
United States Senator

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ALEX PADILLA, CALIFORNIA

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
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RON JOHNSON, WISCONSIN
MITT ROMNEY, UTAH
ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Gabriel Tirador
President & Chief Executive Officer
Mercury General Corporation
4484 Wilshire Boulevard
Los Angeles, CA 90010

Dear Mr. Tirador:

We write to obtain information and documents concerning Mercury General Corporation's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Mercury General Corporation and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642



November 1, 2023

Mr. Kirt Walker
Chief Executive Officer
Nationwide Mutual Insurance Company
One Nationwide Plaza
Columbus, OH 43215

Dear Mr. Walker:

We write to obtain information and documents concerning Nationwide Mutual Insurance Company's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

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At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

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[7] Tyler Jett, "Natural disasters threaten small insurers, leaving Iowans with high premiums and fewer choices," *The Des Moines Register* (July 21, 2023), https://www.desmoinesregister.com/restricted/?return=https%3A%2F%2Fwww.desmoinesregister.com%2Fstory%2Fnews%2F2023%2F07%2F31%2Fiowa-rural-insurers-threatened-recent-derechos-natural-disasters-big-firms-leave-farmers-mutual%2F70477775007%2F.

[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Nationwide Mutual Insurance Company and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*          *          *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

November 1, 2023

Mr. Dennis McGill
Interim Chief Executive Officer
Olympus Insurance Company

Dear Mr. McGill:

We write to obtain information and documents concerning Olympus Insurance Company's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

---

[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g*., Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

[6] Zack Budryk, "Insurers pull back as US climate catastrophes intensify," *The Hill* (June 27, 2023), https://thehill.com/policy/energy-environment/4068383-insurers-pull-back-as-us-climate-catastrophes-intensify/.

[7] Tyler Jett, "Natural disasters threaten small insurers, leaving Iowans with high premiums and fewer choices," *The Des Moines Register* (July 21, 2023), https://www.desmoinesregister.com/restricted/?return=https%3A%2F%2Fwww.desmoinesregister.com%2Fstory%2Fnews%2F2023%2F07%2F31%2Fiowa-rural-insurers-threatened-recent-derechos-natural-disasters-big-firms-leave-farmers-mutual%2F70477775007%2F.

[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Olympus Insurance Company and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*   *   *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642



November 1, 2023

Mr. George Schaeffer
President & Chief Executive Officer
People's Trust Insurance Company

Dear Mr. Schaeffer:

We write to obtain information and documents concerning People's Trust Insurance Company’s and any subsidiaries’ plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

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[7] Tyler Jett, "Natural disasters threaten small insurers, leaving Iowans with high premiums and fewer choices," *The Des Moines Register* (July 21, 2023), https://www.desmoinesregister.com/restricted/?return=https%3A%2F%2Fwww.desmoinesregister.com%2Fstory%2Fnews%2F2023%2F07%2F31%2Fiowa-rural-insurers-threatened-recent-derechos-natural-disasters-big-firms-leave-farmers-mutual%2F70477775007%2F.

[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both People's Trust Insurance Company and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

* * *

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Sincerely,

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|---|---|
| Sheldon Whitehouse<br>Chairman<br>Senate Committee on the Budget | Ron Wyden<br>United States Senator |

SHELDON WHITEHOUSE, RHODE ISLAND
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United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

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MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mrs. Tricia Griffith
President & Chief Executive Officer
The Progressive Corporation
6300 Wilson Mills Road
Mayfield Village, OH 44143

Dear Mrs. Griffith:

We write to obtain information and documents concerning The Progressive Corporation's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
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[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]
- The insurance industry exodus from Florida has accelerated;[3]
- Premiums in Florida are projected to increase by 40 percent or more this year;[4]
- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]
- Insurers continued to exit or reduce exposure to the Louisiana market;[6]
- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and
- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both The Progressive Corporation and any subsidiaries it may have, including American Strategic Insurance, ASI Lloyds, and ASI Preferred Insurance Corporation:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

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6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals

represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*          *          *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
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ALEX PADILLA, CALIFORNIA

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

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JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Locke Burt
Chairman & Chief Executive Officer
Security First Insurance Company

Dear Mr. Burt:

We write to obtain information and documents concerning Security First Insurance Company's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

---

[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

[6] Zack Budryk, "Insurers pull back as US climate catastrophes intensify," *The Hill* (June 27, 2023), https://thehill.com/policy/energy-environment/4068383-insurers-pull-back-as-us-climate-catastrophes-intensify/.

[7] Tyler Jett, "Natural disasters threaten small insurers, leaving Iowans with high premiums and fewer choices," *The Des Moines Register* (July 21, 2023), https://www.desmoinesregister.com/restricted/?return=https%3A%2F%2Fwww.desmoinesregister.com%2Fstory%2Fnews%2F2023%2F07%2F31%2Fiowa-rural-insurers-threatened-recent-derechos-natural-disasters-big-firms-leave-farmers-mutual%2F70477775007%2F.

[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Security First Insurance Company and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

| | |
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| Sheldon Whitehouse<br>Chairman<br>Senate Committee on the Budget | Ron Wyden<br>United States Senator |

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MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mrs. Randa Rawlins
President & Chief Executive Officer
Shelter Mutual Insurance Company
1817 West Broadway
Columbia, MO 65218

Dear Mrs. Rawlins:

We write to obtain information and documents concerning Shelter Mutual Insurance Company's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Shelter Mutual Insurance Company and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

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Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

November 1, 2023

Mr. Bruce Lucas
Chief Executive Officer
Slide Insurance Holdings, Incorporated.

Dear Mr. Lucas:

We write to obtain information and documents concerning Slide Insurance Holdings, Incorporated's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
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[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

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- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Slide Insurance Holdings, Incorporated and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

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6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

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Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

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Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

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MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Michael L. Tipsord
Chairman, President & Chief Executive Officer
State Farm Insurance
One State Farm Plaza
Bloomington, IL 61710

Dear Mr. Tipsord:

On June 9, 2023, we sent you a letter inquiring as to how State Farm Insurance evaluates climate-related risks, decides to invest in or underwrite fossil fuel expansion projects that drive such risks, and prices policies insuring such projects. That investigation remains ongoing. Today, we write to obtain information and documents concerning State Farm Insurance's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]
- The insurance industry exodus from Florida has accelerated;[3]
- Premiums in Florida are projected to increase by 40 percent or more this year;[4]
- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]
- Insurers continued to exit or reduce exposure to the Louisiana market;[6]
- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and
- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

[6] Zack Budryk, "Insurers pull back as US climate catastrophes intensify," *The Hill* (June 27, 2023), https://thehill.com/policy/energy-environment/4068383-insurers-pull-back-as-us-climate-catastrophes-intensify/.

[7] Tyler Jett, "Natural disasters threaten small insurers, leaving Iowans with high premiums and fewer choices," *The Des Moines Register* (July 21, 2023), https://www.desmoinesregister.com/restricted/?return=https%3A%2F%2Fwww.desmoinesregister.com%2Fstory%2Fnews%2F2023%2F07%2F31%2Fiowa-rural-insurers-threatened-recent-derechos-natural-disasters-big-firms-leave-farmers-mutual%2F70477775007%2F.

[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both State Farm Insurance and any subsidiaries it may have, including State Farm Lloyds:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please

provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

* * *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
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BEN RAY LUJÁN, NEW MEXICO
ALEX PADILLA, CALIFORNIA

# United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

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JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Edward Konar
President
Surechoice Underwriters Reciprocal Exchange

Dear Mr. Konar:

We write to obtain information and documents concerning Surechoice Underwriters Reciprocal Exchange's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

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- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Surechoice Underwriters Reciprocal Exchange and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

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Chairman
Senate Committee on the Budget

Ron Wyden
Ron Wyden
United States Senator

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CHAIRMAN
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United States Senate
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WASHINGTON, DC 20510–6100
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ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Satoru Komiya
President & Chief Executive Officer
Tokio Marine Holdings, Incorporated.

Dear Mr. Komiya:

We write to obtain information and documents concerning Tokio Marine Holdings, Incorporated's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Tokio Marine Holdings, Incorporated and any subsidiaries it may have, including Privilege Underwriters Reciprocal Exchange:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

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Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

November 1, 2023

Mr. Andres Marin DeBedout
Chief Information Officer
Tower Hill Insurance Group

Dear Mr. DeBedout:

We write to obtain information and documents concerning Tower Hill Insurance Group's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
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- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

[6] Zack Budryk, "Insurers pull back as US climate catastrophes intensify," *The Hill* (June 27, 2023), https://thehill.com/policy/energy-environment/4068383-insurers-pull-back-as-us-climate-catastrophes-intensify/.

[7] Tyler Jett, "Natural disasters threaten small insurers, leaving Iowans with high premiums and fewer choices," *The Des Moines Register* (July 21, 2023), https://www.desmoinesregister.com/restricted/?return=https%3A%2F%2Fwww.desmoinesregister.com%2Fstory%2Fnews%2F2023%2F07%2F31%2Fiowa-rural-insurers-threatened-recent-derechos-natural-disasters-big-firms-leave-farmers-mutual%2F70477775007%2F.

[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Tower Hill Insurance Group and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

*    *    *

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642



November 1, 2023

Mr. Alan D. Schnitzer
Chairman & Chief Executive Officer
The Travelers Companies, Incorporated.
485 Lexington Avenue
New York, NY 10017

Dear Mr. Schnitzer:

On June 9, 2023, we sent you a letter inquiring as to how The Travelers Companies, Incorporated evaluate climate-related risks, decide to invest in or underwrite fossil fuel expansion projects that drive such risks, and price policies insuring such projects. That investigation remains ongoing. Today, we write to obtain information and documents concerning The Travelers Companies, Incorporated's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

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[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

[6] Zack Budryk, "Insurers pull back as US climate catastrophes intensify," *The Hill* (June 27, 2023), https://thehill.com/policy/energy-environment/4068383-insurers-pull-back-as-us-climate-catastrophes-intensify/.

[7] Tyler Jett, "Natural disasters threaten small insurers, leaving Iowans with high premiums and fewer choices," *The Des Moines Register* (July 21, 2023), https://www.desmoinesregister.com/restricted/?return=https%3A%2F%2Fwww.desmoinesregister.com%2Fstory%2Fnews%2F2023%2F07%2F31%2Fiowa-rural-insurers-threatened-recent-derechos-natural-disasters-big-firms-leave-farmers-mutual%2F70477775007%2F.

[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both The Travelers Companies, Incorporated and any subsidiaries it may have, including Travelers Lloyds of Texas, Travelers Personal Insurance Company, and Travelers Home and Marine Insurance Company:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10

percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
RON WYDEN, OREGON
DEBBIE STABENOW, MICHIGAN
BERNARD SANDERS, VERMONT
MARK R. WARNER, VIRGINIA
JEFF MERKLEY, OREGON
TIM KAINE, VIRGINIA
CHRIS VAN HOLLEN, MARYLAND
BEN RAY LUJÁN, NEW MEXICO
ALEX PADILLA, CALIFORNIA

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

CHARLES E. GRASSLEY, IOWA
RANKING REPUBLICAN
MIKE CRAPO, IDAHO
LINDSEY O. GRAHAM, SOUTH CAROLINA
RON JOHNSON, WISCONSIN
MITT ROMNEY, UTAH
ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Stephen J. Donaghy
Chief Executive Officer
Universal Insurance Holdings

Dear Mr. Donaghy:

We write to obtain information and documents concerning Universal Insurance Holdings's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Universal Insurance Holdings and any subsidiaries it may have:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

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4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

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Sincerely,

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|---|---|
| Sheldon Whitehouse<br>Chairman<br>Senate Committee on the Budget | Ron Wyden<br>United States Senator |

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
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ALEX PADILLA, CALIFORNIA

# United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
TELEPHONE: (202) 224–0642

CHARLES E. GRASSLEY, IOWA
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ROGER MARSHALL, KANSAS
MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Wayne Peacock
President & Chief Executive Officer
United Services Automobile Association
9800 Fredericksburg Road
San Antonio, TX 78288

Dear Mr. Peacock:

We write to obtain information and documents concerning the United Services Automobile Association's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
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At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

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- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

[4] "Addressing Florida's Property/Casualty Insurance Crisis," Insurance Information Institute, https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf.

[5] *See*, *e.g.*, Tarik Minor, "Property insurance crisis disrupting Florida real estate market as buyers struggle to get policies," *News4Jax* (June 16, 2023), https://www.news4jax.com/money/2023/06/16/property-insurance-crisis-disrupting-florida-real-estate-market-as-buyers-struggle-to-get-policies/; Deborah Acosta, "Home Insurance Is so High in This Florida Town, Residents Are Leaving," *The Wall Street Journal* (Oct. 17, 2023), https://www.wsj.com/real-estate/home-insurance-is-so-high-in-this-florida-town-residents-are-leaving-bb00c96f.

[6] Zack Budryk, "Insurers pull back as US climate catastrophes intensify," *The Hill* (June 27, 2023), https://thehill.com/policy/energy-environment/4068383-insurers-pull-back-as-us-climate-catastrophes-intensify/.

[7] Tyler Jett, "Natural disasters threaten small insurers, leaving Iowans with high premiums and fewer choices," *The Des Moines Register* (July 21, 2023), https://www.desmoinesregister.com/restricted/?return=https%3A%2F%2Fwww.desmoinesregister.com%2Fstory%2Fnews%2F2023%2F07%2F31%2Fiowa-rural-insurers-threatened-recent-derechos-natural-disasters-big-firms-leave-farmers-mutual%2F70477775007%2F.

[8] "Billion-Dollar Weather and Climate Disasters," NOAA (Consulted on Oct. 19, 2023), https://www.ncei.noaa.gov/access/billions/.

To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both the United Services Automobile Association and any subsidiaries it may have, including USAA General Indemnity Company and Garrison Property and Casualty Insurance:

1. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining property and casualty insurance premiums for homes, rental units, automobiles, commercial properties, and/or crops? If so, please describe how these factors are considered.

2. Does your company currently consider the risk of climate-related extreme weather events, sea level rise, and/or wildfires when determining whether to offer property and casualty insurance policies for homes, rental units, automobiles, commercial properties, and/or crops in particular states, counties, cities, or regions? If so, please describe how these factors are considered.

3. Does your company currently utilize climate modeling data? If so, please describe the modeling data you utilize. Please summarize what the modeling says about climate-related risks (including windstorm, precipitation, drought, heatwaves, sea level rise, wildfire) going forward in the markets in which you provide insurance.

4. Has your company considered or is your company considering exiting or restricting coverage in any market(s)? If so, which market(s)? Please provide all documents relating to deliberations about such matters.

5. Has your company considered or is your company considering entering into any market(s) in which it is not currently present? If so, which market(s)? Please provide all documents relating to how climate-related risks in the market(s) under consideration played a role in your decision-making process.

6. Have climate-related losses threatened your company's solvency? Have you conducted any modeling to determine how future climate-related losses might affect your company's solvency? Please provide all documents relating to your company's deliberations concerning climate-related losses and solvency.

7. What is your company forecasting about premium rates over the next five years in each of the markets in which it operates? Please provide all documents related to deliberations over future premium rates.

8. Please provide a list of all counties (or county equivalents) in the United States in which your company did not renew 25 or more homeowners policies (including umbrella policies, multi-peril policies, or other policies to provide property and casualty coverage to a dwelling) or did not renew such policies for more than 10 percent of all such policies underwritten by your company in such county. Please provide the number of such policies not renewed in each such county and the percentage of total such policies underwritten in such county non-renewals

represent. Please provide this information for 2018, 2019, 2020, 2021, 2022, and 2023.

Thank you for your attention to this important issue. We welcome further engagement with you on this topic.

* * *

The Senate Committee on the Budget has jurisdiction over Budget Act and budget process legislation, including concurrent resolutions on the budget and legislation changing the content or consideration of budget resolutions. In fulfilling its responsibilities, the Committee has broad authority to investigate the budgetary effects of existing and proposed legislation, as well as matters that affect the content or determination of amounts included in or excluded from the congressional budget or the calculation of such amounts, among other things. An attachment to this letter provides additional instructions for responding to the Committee's request. If you have any questions regarding this request, please contact Majority Staff at (202) 224-0642.

Sincerely,

Sheldon Whitehouse
Chairman
Senate Committee on the Budget

Ron Wyden
United States Senator

SHELDON WHITEHOUSE, RHODE ISLAND
CHAIRMAN
PATTY MURRAY, WASHINGTON
RON WYDEN, OREGON
DEBBIE STABENOW, MICHIGAN
BERNARD SANDERS, VERMONT
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JEFF MERKLEY, OREGON
TIM KAINE, VIRGINIA
CHRIS VAN HOLLEN, MARYLAND
BEN RAY LUJÁN, NEW MEXICO
ALEX PADILLA, CALIFORNIA

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510–6100
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RANKING REPUBLICAN
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MIKE BRAUN, INDIANA
JOHN KENNEDY, LOUISIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

November 1, 2023

Mr. Mario Greco
Chief Executive Officer
Zurich Insurance Group Limited
Mythenquai 2
Zürich, Switzerland CH-8022

Dear Mr. Greco:

We write to obtain information and documents concerning Zurich Insurance Group Limited's and any subsidiaries' plans to address increased underwriting losses from climate-related extreme weather events and other disasters such as tropical cyclones, intense precipitation events, droughts, heatwaves, sea level rise, and wildfires.

In March of this year, the Senate Budget Committee held a series of hearings examining the costs and economic risks associated with increasing losses to coastal properties, to properties in the wildland-urban interface (WUI), and in mortgage and insurance markets.[1] Witnesses at these hearings included a variety of insurance industry executives, economists, actuaries, and other experts. The Committee heard testimony, among other things, that:

- Climate-related losses have already grown substantially and are projected to continue to rise;
- As climate-related risks increase, insurance premiums will increase and/or insurers will pull out of at-risk markets;
- As insurance becomes increasingly expensive and/or unavailable, property values in affected markets will decline;
- Insurance unavailability will cause affected properties to become unmortgageable; and
- A widescale decline in coastal and WUI property values would present a systemic risk to the U.S. economy, similar to what occurred in the 2007-2008 mortgage meltdown.

At the time of these hearings, there was already ample cause for concern. Since March, that concern has only grown, as events seem to be bearing out many of the warnings issued by the various experts who testified before the Committee. To wit:

[1] A video of each hearing as well as witness testimony is available at the following webpages: https://www.budget.senate.gov/hearings/rising-seas-rising-costs-climate-change-and-the-economic-risks-to-coastal-communities; https://www.budget.senate.gov/hearings/a-burning-issue-the-economic-costs-of-wildfires; https://www.budget.senate.gov/hearings/risky-business-how-climate-change-is-changing-insurance-markets.

- Many insurers have ceased writing new policies in California due in part to increased losses associated with wildfires;[2]

- The insurance industry exodus from Florida has accelerated;[3]

- Premiums in Florida are projected to increase by 40 percent or more this year;[4]

- Increased premiums and decreased availability are beginning to disrupt the Florida real estate market;[5]

- Insurers continued to exit or reduce exposure to the Louisiana market;[6]

- Reinsurers in Iowa exited the state after a string of extreme weather events;[7] and

- The National Oceanic and Atmospheric Administration (NOAA) announced that, as of October 10, there had already been 24 extreme weather disasters in the United States with costs of $1 billion or more, the most in recorded history.[8]

The Committee is increasingly concerned about the potential economic consequences of an eventual widescale decline in property values caused by increasing exposure to climate risks and the attendant increase in insurance premiums and decrease in insurance availability. Should such a situation come to pass, the effects on households—and federal revenues and spending—would be quite damaging and long-lasting, as we saw during and after the 2008 financial crisis.

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[2] Michael R. Blood, "California insurance market rattled by withdrawal of major companies," *The Associated Press* (June 5, 2023), https://apnews.com/article/california-wildfire-insurance-e31bef0ed7eeddcde096a5b8f2c1768f.

[3] Jordan Valinsky, "Farmers Insurance pulls out of Florida, affecting 100,000 policyholders," *CNN Business* (July 12, 2023), https://www.cnn.com/2023/07/12/business/farmers-insurance-florida/index.html#:~:text=Farmers%20Insurance%20will%20stop%20offering,to%20change%20their%20insurance%20provider.

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To that end, we are requesting that you answer the following questions and provide the Committee with the relevant documents by November 17, 2023. All of the below questions and document requests are directed at both Zurich Insurance Group Limited and any subsidiaries it may have:

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Sincerely,

Sheldon Whitehouse
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